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SUBJECT: PRC EXPRESSES STRONG DISSATISFACTION OVER QDR

Classified By: Charge d'Affaires David Sedney. Reasons 1.4 (b/d).

SUMMARY

11. (C) China is "strongly dissatisfied and completely disagrees" with the China portion of the February 6 Quadrennial Defense Review (QDR), MFA Director General for North American and Oceanian Affairs Liu Jieyi told the CDA under instructions and reading from a prepared text at a February 7 meeting. Calling the report untruthful, groundless, misleading and interference in China's internal affairs, DG Liu said China is firmly on the path towards peaceful development and has adopted a "defensive defense policy." DG Liu urged the United States to redress the situation, stop interfering in China's internal affairs and limit the negative effect of the report on Sino-U.S. relations. The CDA told DG Liu that the United States does not consider China a threat and that the QDR highlights possibilities that might result from China's economic rise and growing military capabilities. Increased transparency and openness by China regarding its intentions will decrease the uncertainty in the region and international community. DG Liu said China hopes public reports like the QDR would reflect the commitments of Chinese and American leaders to cooperative future and point out that China is being more transparent about its military spending. End Summary

PRC: STRONG DISSATISFACTION

12. (C) During a February 7 meeting, MFA North American and Oceanian Affairs Director General Liu Jieyi, reading from a prepared text, expressed, under instructions, China's "strong dissatisfaction and complete disagreement" with the China section of the February 6 QDR. After citing specific passages that refer to China's "potential to compete militarily with the United States and field disruptive technologies," investments "designed to improve its ability to project power beyond its borders" and that "the outside world has little knowledge of China's motivations and decision-making capabilities," DG Liu said China considers the QDR to be unreflective of the true situation and full of groundless accusations of China's normal defense building, interference in China's internal affairs, tantamount to encouraging the "China threat" theory and misleading the public.

13. (C) DG Liu said that prior to the release of the QDR, Chinese officials in Washington DC had asked the United States to proceed cautiously and approach the Chinese part of the QDR carefully to avoid detrimental effects on the overall

Sino-U.S. relationship. China left the meetings believing the U.S. side was clear about China's position. China has firmly embarked on the path of peaceful development and has adopted a "defensive defense policy." China is an important force for peace and stability in the region and the world. China is engaging in a necessary defense build-up to safeguard its territorial integrity, national security and sovereignty. This is normal and it is inappropriate for others to interfere with China's internal affairs. DG Liu said the U.S. \$455.9 billion defense budget is 17.8 times greater than China's \$25.79 billion budget. China has no troops stationed abroad and its military is limited purely to national defense. China does not and will not present a threat to its neighbors.

14. (C) DG Liu said the Sino-U.S. relationship is developing in a healthy and steady manner and the United States should "treasure the current situation and put into practice the consensus view of President Bush and President Hu to advance the relationship in comprehensive ways to create a cooperative relationship for the 21st Century." The United States should do more to facilitate the development of the East Asian region and not make groundless accusations that create disharmony. The United States should reject its "Cold War mentality," work together with China and look positively on China's development. DG Liu asked the CDA to report China's strong dissatisfaction to Washington and urged the United States to take actions to redress the situation, stop interfering in China's internal affairs and limit the negative effect on China-U.S. relations.

CDA: CHINA IS NOT A THREAT BUT NEEDS MORE TRANSPARENCY

15. (C) The CDA told DG Liu that the United States and China have broad and deep common interests and the United States does not see China as a threat. Pointing out that the QDR talks about a potential threat from China that could arise, CDA said the report highlighted the consistent U.S. message that we need to more openness and transparency about China's intentions and what it plans to do with its new capabilities. The CDA pointed out that the lack of transparency leads to uncertainty in the region and international community about China's military intentions. In order to reduce this uncertainty and potential for misunderstanding, the CDA urged more discussion and transparency and meaningful mil-to-mil exchanges.

16. (C) DG Liu agreed that the United States and China share common interests and Beijing appreciates U.S. statements that China is not a threat. DG Liu said China hopes these observations would be factored more into public reports like the QDR and public statements by U.S. officials, which affect U.S. public opinion and the views of other nations. China is concerned that the QDR will affect its bilateral relations with other nations. Referring to China's White Papers on Defense, DG Liu said over the years China has shown more transparency in its military spending and acquisitions and welcomes more military-to-military exchanges.
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